



Department of  
Cannabis Control  
CALIFORNIA

# Department of Cannabis Control Annual Report 2023

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State of California

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Business, Consumer Services and Housing Agency

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Published March 2023



## Executive Summary

Business and Professions Code section 26190 established annual reporting requirements for the Department of Cannabis Control (Department). Beginning March 1, 2023, and annually thereafter, the Department must prepare and submit to the Legislature an annual report on activities within the Department for the prior fiscal year.

The report also provides updated data about the Equity Fee Waiver and Deferral Program for the 2022 year.

Finally, the enclosed report includes the Department's responses pursuant to the Budget Act of 2022, under the Business, Consumer Services and Housing Item 1115-102-0001, which requires, beginning in 2023, and until 2026, the Department to provide a report on the Cannabis Local Jurisdiction Retail Access Grant Program.



# Annual Report

As required by section 26190 of the Business and Professions Code and Item 1115-102-0001 of the Budget Act of 2022, the Department submits the following information regarding its activities. Unless otherwise noted, this report contains the required information and data for the prior fiscal year, July 12, 2021, to June 30, 2022. Please note: The Department was formed on July 12, 2021, and therefore is reporting data from that point in time.

**(a) The amount of funds allocated and spent by the department for cannabis licensing, enforcement, and administration.**

The Department allocated \$157,666,000 for cannabis licensing, enforcement, and administration and expended \$118,508,116.

**(b) The number of state licenses issued, renewed, denied, suspended, and revoked, by state license category.**

- Issued: 3,784 licenses
- Renewed: 8,848 licenses
- Denied: one renewal of a license
- Suspended: 15 licenses
- Revoked: 11 licenses

*\*Please see Exhibit 1 for a breakdown by state license category.*

**(c) The average time for processing state license applications, by state license category.**

- Cultivation Licenses: 221 days
- Manufacturing Licenses: 180 days
- Distribution Licenses: 287 days
- Testing Laboratory Licenses: 851 days
- Retailer Licenses: 183 days
- Microbusiness Licenses: 244 days
- Event Organizer Licenses: 153 days
- Temporary Cannabis Event Licenses: 59 days

The average times provided above are impacted by a number of external and internal factors, including, but not limited to: delays in responding to Department inquiries by applicants missing necessary documentation to meet annual license application requirements, verifying the accuracy of records submitted by applicants, and correspondence with other local and state entities to ensure compliance of statutory and regulatory requirements.



These factors, as well as a host of other factors, can impact the time it takes to approve a license.

Testing laboratory applications are a notable outlier given the complexity of the license review process due to the requirement for a testing laboratory to submit complete standard operating procedures (SOPs) and method validations that meet regulatory testing standards. Average licensing processing times are impacted because many applicants do not produce all required documentation in a timely manner, if at all, which creates significant delays in the application process.

*\*Please see Exhibit 2 for a breakdown by state license category.*

**(d) The number of appeals from the denial of state licenses or other disciplinary actions taken by the department and the average time spent on these appeals.**

- Appeals from the denial of a state license: None
- Other disciplinary actions: One

Average time spent on appeals: Approximately 60 hours of Department staff time were spent on this appeal for this unlicensed cultivator.

**(e) The number of complaints submitted by citizens or representatives of cities or counties regarding licensees, provided as both a comprehensive statewide number and by geographical region.**

The Department received 1,904 complaints statewide.

*\*Please see Exhibit 3 for a breakdown of complaints by County.*

*\*Please see Exhibit 4 for a breakdown of complaints by City.*

**(f) The number and type of enforcement activities conducted by the department and by local law enforcement agencies in conjunction with the department.**

The Enforcement Division has significantly expanded law enforcement actions, with an over 200 percent increase in actions from the previous fiscal year-2020 - 2021. These additional enforcement actions netted an over 800 percent increase in the amount of untested product seized from the illicit market and an over 100 percent increase in the number of firearms seized. Since the Department consolidated in July 2021, our Enforcement Division has seized over \$1 billion worth of product from the illegal marketplace.

The Enforcement Division also led and assisted in the service of 195 search warrants. As a result of these actions, a total of 568,493 pounds of untested



cannabis product was seized, which included the eradication of 1,354,012 plants, worth an estimated retail value of \$947,539,250. In addition, these search warrant operations resulted in the seizure of 97 firearms, 192 arrests, and the seizure of \$2,340,226 in cash.

Of these, the Department was the lead agency in 86 of these operations. In the Department-led operations, a total of 70,053 pounds of cannabis was seized, 117,264 plants were eradicated, 46 firearms were seized, and 50 arrests were made. The total estimated retail value of the seized product and plants was \$123,654,122.

Of the remaining 109 operations in which the Department assisted, a total of 489,439 pounds of cannabis was seized, 1,236,748 plants were eradicated, 51 firearms were seized, and 142 arrests were made. The total estimated retail value of the seized product and plants was \$823,885,128.

The Compliance Division assisted in 184 enforcement actions in conjunction with the Cannabis Enforcement Program and/or local law enforcement offices for administrative investigation purposes. These actions resulted in 40,346 pounds of cannabis product seized and 284,673 plants seized. The total estimated value of the seized product and plants was \$62,398,489.

**(g) The number, type, and amount of penalties, fines, and other disciplinary actions taken by the department.**

Through a progressive approach to compliance, where appropriate, the Department prioritizes compliance education while maintaining the ability to impose penalties and fines when necessary.

During the annual reporting period, the Department issued the following:

- Letter of Warning: 7
- Notice to Comply: 982
- Administrative Citation: 1 (with an associated penalty in the amount of \$60,718)
- Embargos: 18
- Voluntary Condemnation and Destructuations: 15
- Mandatory Recall: 1

*\* Please see Exhibit 5 for a detailed explanation of these specific actions.*

**(h) The number of licenses on which the department-imposed conditions and the categories of conditions imposed on licenses.**

The Department did not impose conditions upon any licenses.



**(i) A detailed list of the petitions for regulatory relief or rulemaking changes received by the department from licensees requesting modifications of the enforcement of rules under this division.**

The Department did not receive any petitions for adoption, amendment or repeal of a regulation pursuant to Government Code section 11340.6.

**(j) A list of interstate cannabis agreements entered into pursuant to Chapter 25 (commencing with Section 26300), including information regarding the terms and conditions of each agreement, the activities undertaken by state agencies to implement the agreement, and the effects of the agreement on California's cannabis industry.**

There are currently no interstate cannabis agreements to report.

On February 3, 2023, the California Attorney General accepted the request from the Department to write an opinion on the question of whether an agreement, pursuant to Division 10, Chapter 25 of the Business and Professions Code, between out-of-state licensees and California licensees for medicinal or adult-use commercial cannabis activity, will result in significant legal risk to the State of California under the federal Controlled Substances Act.

**(k) The number of licensees awarded an equity fee waiver or deferral and the amount of money spent.**

Equity businesses in California may be eligible for a license fee waiver or deferral from the Department if they meet certain criteria. To be eligible, individuals must satisfy the statewide equity criteria, which allows businesses to qualify through ownership, cannabis convictions or arrests, household income, or by living in an area disproportionately impacted by the War on Drugs. Applicants may also be eligible if they are locally verified as an equity business and attest that they too satisfy the criteria set forth in the statewide definition.

Equity fee waivers became available to applicants and licensees in January 2022 and fee deferrals became available in January 2023. The data below only applies to fee waivers from January 1, 2022, to December 31, 2022:

- 1,458 fee waivers have been awarded.
- Of the \$28,500,000 available for equity fee waivers, \$16,208,333 has been spent.
- Of the \$12,291,667 remaining funds, only \$3,185,072 may be allocated for licensees that are eligible through the statewide equity definition. The State has earmarked 60 percent of the total funds for licensees that are



locally verified. That leaves \$9,106,595 in funds for equity businesses that are locally verified as an equity applicant or licensee.

- (l) The 2022 Budget Act, Item 1115-102-0001, the Cannabis Local Jurisdiction Retail Access Grant Program. Initial funding for this program must be allocated by June 20, 2023. Once funding is allocated, the Department must report on the (1) Information on the amount of funds allocated to local jurisdictions, (2) how the local jurisdiction plans to utilize the funds, (3) the progress, if applicable, of local cannabis retailer licensing programs and the number of retailers permitted in the local jurisdiction, and (4) the number of equity licensee retailers operating within the local jurisdiction.**

The Cannabis Local Jurisdiction Retail Access Grant Program (Grant Program), pursuant to the 2022 Budget Act, Item 1115-102-0001, dedicates \$20 million in funding for local jurisdictions that do not currently have a local cannabis retail licensing program. At the time of publishing this report, the Department is in the process of accepting applications for the Grant Program and is on track to allocate grant funds to local jurisdictions before the statutory deadlines. When our annual report is issued next year, the Department will be able to provide responses to questions related to the allocation of funds listed in Item 1115-102-0001 of the 2022 Budget Act.

In Phase I, up to \$10 million in initial grant funding will be awarded to eligible local jurisdictions to develop and implement a cannabis retail licensing program. The Department will begin accepting applications for Phase I of the grant program on March 10, 2023, and will close the application process on April 28, 2023. Grant funding will be awarded by June 20, 2023, for this phase.

Funding for Phase II may be issued no earlier than June 30, 2023, and an additional \$10 million will be awarded to previous awardees. Awards will be based on the number of licenses issued pursuant to program. Grant Program funds will be available for expenditure until June 30, 2026.

The Department engaged in extensive stakeholder consultation to inform the development of the Grant Program. This includes outreach to local government associations, soliciting input from the Cannabis Advisory Committee, and directly surveying eligible local governments. The Department has issued Grant Guidelines outlining eligibility and scoring criteria. A copy of the [Grant Guidelines](#) is available on the Department's website.



# APPENDIX





## Exhibit 1

The number of state licenses issued, renewed, denied, suspended, and revoked, by state license category.



## Cultivation License Types

	Issued	Renewed	Denied Apps	Denied Renewals	Suspended	Revoked
Specialty Cottage Outdoor	9	28	0	0	0	0
Specialty Cottage Indoor	7	25	0	0	1	0
Specialty Cottage Mixed-Light Tier 1	25	102	0	0	0	0
Specialty Cottage Mixed-Light Tier 2	1	15	0	0	0	0
Specialty Outdoor	46	236	0	0	0	0
Specialty Indoor	43	252	0	0	0	0
Specialty Mixed-Light Tier 1	33	241	0	0	1	1
Specialty Mixed-Light Tier 2	6	40	0	0	0	0
Small Outdoor	1401	2119	0	0	6	0
Small Indoor	76	263	0	0	0	0
Small Mixed-Light Tier 1	431	1382	0	0	2	4
Small Mixed-Light Tier 2	103	263	0	0	0	0
Medium Outdoor	48	238	0	1	1	0
Medium Indoor	37	89	0	0	0	0
Medium Mixed-Light Tier 1	27	158	0	0	2	3
Medium Mixed-Light Tier 2	7	37	0	0	0	0
Nursery	74	272	0	0	1	0
Processor	48	137	0	0	0	0
<b>TOTAL</b>	<b>2422</b>	<b>5897</b>	<b>0</b>	<b>1</b>	<b>14</b>	<b>8</b>



## Manufacturing License Types

	Issued	Renewed	Denied Apps	Denied Renewals	Suspended	Revoked
Non-Volatile Solvent Manufacturing or Mechanical Extraction (Type 6)	104	392	0	0	0	0
Volatile Solvent Manufacturing (Type 7)	14	184	0	0	0	0
Infusion of Products (Type N)	50	110	0	0	0	0
Package and Label (Type P)	10	25	0	0	0	0
Shared-Use Facilities (Type S)	18	17	0	0	0	0
<b>TOTAL</b>	<b>196</b>	<b>728</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>



## Additional Commercial Cannabis License Types

	Issued	Renewed	Denied Apps	Denied Renewals	Suspended	Revoked
Testing Laboratory (Type 8)	17	28	0	0	0	0
Non-Storefront Retailer (Type 9)	215	252	0	0	0	0
Storefront Retailer (Type 10)	319	702	0	0	0	0
Distributor (Type 11)	377	852	0	0	1	2
Microbusiness (Type 12)	114	246	0	0	0	0
Transport-Only Distributor (Type 13)	66	116	0	0	0	0
Event Organizer	36	27	0	0	0	1
Temporary Cannabis Event	22	n/a	0	0	0	0
<b>TOTAL</b>	1166	2223	0	0	1	3

## All License Types

	Issued	Renewed	Denied Apps	Denied Renewals	Suspended	Revoked
<b>TOTAL</b>	3784	8848	0	1	15	11



## Exhibit 2

The average time for processing state license applications, by state license category.



## Cultivation License Types

	Average Processing Time (Days)
Specialty Cottage Outdoor	254
Specialty Cottage Indoor	198
Specialty Cottage Mixed-Light Tier 1	188
Specialty Cottage Mixed-Light Tier 2	157*
Specialty Outdoor	238
Specialty Indoor	203
Specialty Mixed-Light Tier 1	239
Specialty Mixed-Light Tier 2	280
Small Outdoor	192
Small Indoor	243
Small Mixed-Light Tier 1	196
Small Mixed-Light Tier 2	242
Medium Outdoor	241
Medium Indoor	244
Medium Mixed-Light Tier 1	202
Medium Mixed-Light Tier 2	231
Nursery	227
Processor	199

*\* Data cannot be averaged because there was only one associated license within the noted license type*



## Manufacturing License Types

	Average Processing Time (Days)
Non-Volatile Solvent Manufacturing or Mechanical Extraction (Type 6)	213
Volatile Solvent Manufacturing (Type 7)	245
Infusion of Products (Type N)	185
Package and Label (Type P)	185
Shared-Use Facilities (Type S)	74

## Additional Commercial License Types

	Average Processing Time (Days)
Testing Laboratory (Type 8)	851
Non-Storefront Retailer (Type 9)	181
Storefront Retailer (Type 10)	184
Distributor (Type 11)	239
Microbusiness (Type 12)	244
Transport-Only Distributor (Type 13)	335
Event Organizer	153
Temporary Cannabis Event	59



## Exhibit 3:

### Breakdown by County





## Breakdown by County

County	Count
Los Angeles	495
Sacramento	180
San Bernardino	146
San Diego	144
Riverside	143
Alameda	106
Humboldt	75
Santa Clara	65
Orange	53
San Francisco	44
Stanislaus	43
Sonoma	40
El Dorado	29
Solano	29
Santa Barbara	28
Mendocino	23
Contra Costa	19
Kern	19
Monterey	19
Santa Cruz	18
Ventura	15
Shasta	14
Lake	13
San Luis Obispo	13
Trinity	12
Fresno	11
Nevada	10

County	Count
San Mateo	10
San Joaquin	9
Tulare	9
Siskiyou	8
Imperial	7
Yolo	7
Placer	6
Tuolumne	6
Butte	5
Calaveras	5
Marin	5
Merced	4
Madera	3
Kings	2
Yuba	2
Amador	1
Colusa	1
Lassen	1
Mariposa	1
Mono	1
Napa	1
San Benito	1
Ventura	1
Unknown	2
<b>County Total</b>	<b>1,904</b>



## Exhibit 4:

### Breakdown by City



## Breakdown by City

City	Count
Los Angeles	217
Sacramento	163
San Diego	93
Oakland	74
San Jose	58
Needles	47
San Francisco	45
Long Beach	44
Perris	34
Adelanto	32
Santa Rosa	25
Modesto	24
Santa Ana	24
Humboldt	23
Vista	21
Hesperia	19
Vallejo	19
Palm Springs	17
Sun Valley	17
Arcata	16
Lynwood	16
Desert Hot Springs	15
North Hollywood	14
Eureka	13
Lake Elsinore	13
South Lake Tahoe	13
Chatsworth	12

City	Count
Culver City	11
Riverside	11
Cathedral City	10
Fairfield	10
Fresno	10
La Mesa	10
Moreno Valley	10
San Jacinto	10
Woodland Hills	10
Lompoc	9
North Hills	9
Pasadena	9
Patterson	9
Salinas	9
Santa Cruz	9
Van Nuys	9
West Hollywood	9
Folsom	8
Jurupa Valley	8
Pinon Hills	8
San Bernadino	8
Sonoma	8
Calexico	7
California	7
Harbor City	7
Port Hueneme	7
Redding	7
Sylmar	7

City	Count
Ukiah	7
Bakersfield	6
Carpinteria	6
Commerce	6
Davis	6
Goleta	6
Maywood	6
Montebello	6
Nevada City	6
Oceanside	6
Phelan	6
San Luis Obispo	6
Santa Barbara	6
Sonora	6
Watsonville	6
Benicia	5
California City	5
Hayfork	5
Mission Hills	5
Pacifica	5
Richmond	5
San Pedro	5
Santa Clara	5
Shingle Springs	5
Twin Bridges	5
Beaumont	4
Berkeley	4
Canoga Park	4



City	Count
Chico	4
Chula Vista	4
Corona	4
Fremont	4
Hinkley	4
Irvine	4
Martinez	4
Northridge	4
Orange	4
Pacoima	4
Palm Desert	4
Rowland Heights	4
San Leandro	4
Shasta Lake	4
Stockton	4
Studio City	4
Turlock	4
Weed	4
Arcadia	3
Citrus Heights	3
Cloverdale	3
Costa Mesa	3
Emeryville	3
Fullerton	3
Garberville	3
Gardena	3
Hayward	3
Hemet	3

City	Count
Humboldt Hill	3
Isleton	3
Lakeport	3
Laytonville	3
Lower Lake	3
Monterey	3
Mt Shasta	3
Novato	3
Ojai	3
Pomona	3
Redway	3
Redwood City	3
Santa Monica	3
Sherman Oaks	3
Torrance	3
Truckee	3
Willits	3
Willow Creek	3
Woodlake	3
Yucaipa	3
Anaheim	2
Antioch	2
Anza	2
Aptos	2
Arvin	2
Atwater	2
Azusa	2
Bayview	2

City	Count
Beverly Hills	2
California Hot Springs	2
Canyon	2
Carmel	2
Ceres	2
Clearlake	2
Concord	2
El Monte	2
Elk Grove	2
Empire	2
Encino	2
Farmersville	2
Fort Bragg	2
Grass Valley	2
Grover Beach	2
Hanford	2
Hopland	2
Huntington Beach	2
Kelseyville	2
Lancaster	2
Loleta	2
Lomita	2
Madera	2
Manteca	2
Marina	2
Marina del Rey	2
Mokelumne Hill	2
Moorpark	2



City	Count
Newport Beach	2
Oakdale	2
Pacheco	2
Panorama	2
Petaluma	2
Rancho Cordova	2
Roseville	2
San Mateo	2
Seaside	2
Sebastopol	2
Sunnyvale	2
Templeton	2
Thousand Oaks	2
Trinity	2
Tulare	2
Venice	2
Walnut Creek	2
Weaverville	2
Whittier	2
Wildomar	2
Acton	1
Agoura Hills	1
Aguanga	1
Alameda	1
Albion	1
Alhambra	1
Anderson	1
Arcada	1

City	Count
Baldwin Park	1
Banning	1
Bellflower	1
Bostonia	1
Brea	1
Burnt Ranch	1
Camarillo	1
Carlsbad	1
Carmichael	1
Castro Valley	1
Cerritos	1
Coachella	1
Colfax	1
Colusa	1
Compton	1
Cotati	1
Covelo	1
Covina	1
Daly City	1
Dana Point	1
Danville	1
Del Rio	1
Delano	1
Desert Center	1
Dinuba	1
Dixon	1
Duarte	1
Dublin	1

City	Count
El Cajon	1
El Dorado	1
El Segundo	1
El Sobrante	1
Escondido	1
Fair Oaks	1
Fortuna	1
Glendale	1
Granada	1
Granada Hills	1
Granite Bay	1
Greenfield	1
Grover	1
Hermosa Beach	1
Hollister	1
Huntington Park	1
La Mirada	1
Laguna Beach	1
Lake	1
Lampoc	1
Lemon Cove	1
Livermore	1
Lockeford	1
Los Banos	1
Los Osos	1
Mad River	1
Malibu	1
Mammoth Lakes	1



City	Count
Marysville	1
McKinleyville	1
Mendocino	1
Mendota	1
Merced	1
Mill Valley	1
Milpitas	1
Montague	1
Moss Landing	1
Myers Flat	1
Napa	1
Navarro	1
Ontario	1
Oroville East	1
Otay Mesa	1
Paramount	1
Paso Robles	1
Pittsburg	1
Placerville	1
Platina	1
Rancho Mirage	1
Redcrest	1
Redwood Valley	1
Reseda	1
Rio Vista	1
Riverbank	1
San Andreas	1
San Fernando	1

City	Count
San Marcos	1
San Ysidro	1
Santa Clarita	1
Santa Ysabel	1
Santee	1
Shasta	1
Solano	1
Soquel	1
Sun City	1
Susanville	1
Tahoe	1
Tarzana	1
Thousand Oak	1
Tiburon	1
Toluca	1
Tracy	1
Upland	1
Upper Lake	1
Valley Springs	1
Vermond	1
Victorville	1
Watson	1
West Point	1
West Sacramento	1
Westwood	1
Wilmington	1
Woodland	1
Yucca Valley	1

City	Count
Zamora	1
Unknown	2
<b>CITY TOTAL</b>	<b>1,904</b>



## Exhibit 5:

### Explanations of Disciplinary Actions



## Explanations of Disciplinary Actions

**A Letter of Warning** is issued to a licensee when the Department has direct or indirect evidence that the licensee is violating statute or the regulations. The document is used to warn licensees that they will face disciplinary action if they continue with activities that are in violation with statute or regulation. The Department encourages licensee compliance through education and outreach.

**A Notice to Comply** is issued to the licensee to address violations identified during an inspection or investigation. These notices can require that a licensee provide the Department with a written corrective action plan to address violations and the Department develops a timeline for which a licensee must correct any identified violations. If this timeline is not met, the Department may take disciplinary action.

**An Administrative Citation** is issued to notice and document a violation and can contain monetary fines and/or abatement orders. The Administrative Citation can be used independently or in conjunction with an embargo, suspension, or other disciplinary or enforcement action. Citations are generally used as part of the progressive discipline process, in cases where the licensee has been unsuccessful in correcting identified deficiencies within the allotted time frame required in a Notice to Comply. However, the Department may move directly to a citation depending on the severity of a violation.

**An Embargo** is a tool used to prevent the movement or disposal of cannabis and cannabis products while an investigation is underway. At the point an embargo is placed, the Department only needs to have probable cause to believe the cannabis or cannabis products placed under embargo are adulterated or misbranded or the sale would otherwise be in violation of the Act or the regulations.

**A Voluntary Condemnation and Destruction** is when the licensee or owner of the cannabis or cannabis product (product owner) voluntarily chooses to destroy cannabis and/or cannabis product subject to an embargo.

